Now is a Good Time for Ohio's Local Governments to Invest in Solar Projects

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The March 2021 American Rescue Plan Act (ARPA), the November 2021 Bipartisan Infrastructure Act (BIA), and the August 2022 Inflation Reduction Act (IRA) have together created new incentives for local governments to add solar to reduce power consumption, convert unproductive properties into productive use, and meet new sustainability goals and carbon reduction initiatives.

In the ARPA, Congress made $350 billion available to state and local governments for infrastructure projects, including renewable energy, but the funds must be obligated by the end of 2024.

In the BIA, Congress added and extended tax credits and new incentives to increase competition and add jobs in the solar industry, which are already reducing further the cost of adding solar. It also created the Clean Energy Accelerator program at the Department of Energy to leverage private capital for community solar projects in low-income areas.

In the IRA, Congress set aside another $369 billion for other climate and energy initiatives; added incentives for small "behind the meter" systems; created the first ever national "green bank" to finance solar in low-income areas; made installation of standalone energy storage eligible for tax credits; and, most importantly, enabled local governments for the first time to use tax credits created from installing solar by receiving direct cash payment for the credits from their private partners.

The timing may not be better. These incentives occur as Ohio's local governments are rapidly creating and expanding full-time positions to manage and promote sustainability, increase energy efficiency, and reduce the carbon footprint of departments, vehicles, and services. Many have joined "Power A Clean Future Ohio," a new nonpartisan coalition dedicated to providing information, tools, and resources to communities to achieve these goals.

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Despite improvements in energy efficiency, equipment that pumps or treats water and wastewater still represents by far the greatest percentage of electrical usage in most communities. Because treatment plants are on an "energy treadmill" (*i.e.*, increased efficiencies competing against ever-more stringent permit limits that require more energy and rising utility rates), adding solar interrupts this cycle.

In addition, while little energy is needed to collect gas and leachate at closed landfills, they still consume substantial resources to comply with decades of post-closure obligations. With property often reaching more than 75 acres, they represent a substantial amount of unproductive land. New ground solar installation techniques make it easy to make these properties productive despite these obligations. They also make it easy to add solar at private sites sitting vacant after being remediated under a state or federal program, enabling them to return to productive use even if they still have long-term monitoring or groundwater treatment to be completed.

Government-owned treatment plants and landfills also have a common trait that lends itself to solar. They were often located away from the urban core, surrounded by excess acreage to buffer against complaints. Solar also works well at wellfields, municipal airports, and parks or nature preserves, which tend to have considerable excess acreage for different reasons.

While energy savings depends on the size and configuration of the system, solar projects can be expected to reduce energy cost by 10 to 25% and bring price certainty for the solar energy for the life of the system, usually 25 years or more.

To help local governments realize these benefits, Frost Brown Todd has assembled a team to assist in evaluating environmental, financial, and real estate aspects of different types of "behind the meter" solar projects. We are working with two highly-regarded, Ohio-based solar design/build firms who are willing to provide a free energy feasibility analysis of a potential solar project under consideration based on current and projected utility costs and current and projected future utility rates.

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If you are interested in exploring a potential solar project, please contact the authors or any attorney in Frost Brown Todd's Environmental or Public Finance practice groups.

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